GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2406
ANSWERED ON:30.08.2007
PRICES OF DRUGS
Bhagora Shri Mahavir

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government proposes to take action to fix the prices of drugs whose prices have not been approved by the National Pharmaceutical Pricing Authority (NPPA);

(b) if so, the reasons thereof;

(c) the state-wise number of the drug manufacturers who have not applied for approval of prices;

(d) the provisions of taking action against said drug manufacturers; and

(e) the number of drug manufacturers against whom action has been taken as per the provisions during the last three years?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K. HANDIQUE)

(a) to (e) : The 74 bulk drugs specified in the First Schedule of the Drugs (Prices Control) Order, 1995 (DPCO, 95) and the formulations based thereon are under price control and their prices are fixed / revised by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the DPCO, 95.

Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. The Government takes corrective measures where the public interest is found to be adversely affected.

As per Para 13 of DPCO,95, notwithstanding anything contained in the order, the Government shall by notice, require the manufacturers, importers, as the case may be, to deposit the amount accrued due to charging of prices higher than those fixed or notified by the Government.

In case of non-Scheduled formulations NPPA only monitors the price movement and if there is any price increase by more than 10% in one year and the annual turnover of the formulation pack exceeds Rs.1 crore, further, the share of the formulator in the segment of the formulation is required to be at least 20% of the market or the medicine is first 3 top medicines of that group. The case is take up for further examination and if required prices are fixed in public interest under Para 10(b) of DPCO,95,. So far 30 companies have reduced the price of 51 packs as a result of the intervention of NPPA/Government. NPPA have fixed the price of 20 packs under Para 10(b) of DPCO,95.